9.828,874 tons, and the freight tennage of the Detroit river is estimated for that year at 25,000,000 tons, against 23,209,619 tons in 1891.

23,209,619 tons in 1891.

The aggregate traffic on our railroads for the year 1891 amounted to 704,398,609 tons of freight, compared with 694,344,437 tons in 1890, an increase of 13,505,479 and increase of 13,505,479 and

OUR WORKINGMEN SAVING MONEY. Another indication of the general prosperity of the country is found in the fact that the number of depositors in savings banks increased from 693,870 in 1860 to 4,258,893 in 1890, an increase of 513 per cent, and the amount of deposits from \$149,277,504 in 1860 to posits from \$149,277,504 in 1860 to \$1,524,844,506 in 1890, an increase of 921 per cent. In 1891 the amount of deposits in savings banks was \$1,623,079,749. It is estimated that 90 per cent of these deposits represent the savings of

The bank clearances for the nine months ending September 30, 1891, amounted to \$41,049,390,808. For the same months in 1892 they amounted to \$45,189,601,947, an excess for the nine months of \$4,140,211,139.

months of \$4,140,211,139.

There never has been a time in our history when work was so abundant or when wages were as high, whether measured by the currency in which they are paid or by their power to support to a support of the su ply the necessaries and comforts of life. AGRICULTURAL PROSPERITY.

It is true that the market prices of cotton and wheat have been low. It is one of the unfavorable incidents of agriculture that the farmer cannot produce upon orders. He must sow and reap in ingorance of the aggregate pro-

duction of the year, and is peculiarly subject to the depreciation which fol-lows overproduction. But, while the fact I have stated is true as to the crops mentioned the general average of prices has been such as to give to agriculture a fair such as to give to agriculture a fair participation in the general prosperity. The value of our total farm products has increased from \$1,363,664,866 in 1860 to \$4,500,000,000 in 1891; as estimated by statisticians, an increase of 230 per cent. The number of hogs January 1, 1891, was 50,625,106 and their value \$210,193,925; on January 1, 1892, the number was 52,398,019, and the value \$241,031,415. On January 1, 1891, the \$241,031,415. On January 1, 1891, the number of cattle was 36,875,648, and the value \$544,127,908; on January 1, 1892, the number was 37,651,239 and the value \$570,749,155.

value \$570,749,155.

If any are discontented with their state here, if any believe that wages or prices, the returns for honest toil, are inadequate, they should not fail to remember that there is no other country in the would where the conditions that seem to them hard would not be accepted as highly presuppose. The Exercted was a secret of the secr seem to them hard would not be ac-cepted as highly prosperous. The En-glish agriculturist would be glad to ex-change the returns of his labor for those of the American farmer, and the Man-chester workman their wages for those of their fellows at Fall River.

WHAT PROTECTION HAS DONE.

I believe that the protective system which has now for something more than thirty years continuously prevailed in our legislation, has been a mighty instrument for the development of our national wealth, and a most powerful agency in protecting the homes of our workingmen from the invasion of want. I have felt a most solicitous interest to preserve our working people rates of wages that would not only give daily bread but supply a comfortable margin for these home attractions and family comforts and enjoyments without which life is neither hopeful nor sweet. They are American citizens—a part of the great people for whom our constitution and government were framed and instituted—and it cannot be a perversion of that constitution to so legislate as to preserve in their homes the comfort, independence, loyalty and sense of interest in the govern ment which are essential to good citi-zenship in peace and which brings this stalwart throng, as in 1861, to the defense of the flag when it is assailed. WHAT THE RESULT OF THE ELECTION SIGNI-

FIES. It is not my purpose to renew here the argument in favor of a protective tariff. The result of the recent election must be accepted as having introduced a new policy. We must assume that the present tariff, constructed upon the lines of protection, is to be repealed, and that there is to be substituted for it a tariff law constructed solely with reference to revenue; that no duty is to be higher because the increase will be higher because the increase will keep open an American mill or keep up the wages of an American workmen, but that in every case such a rate of duty is to be imposed as will bring to the treasury of the United States the largest returns of revenue.

The contention has not been between schedules, but between principles, and be offensive to suggest that it would the prevailing party will not carry into legislation the principles advocated by it and the pledges given to the people The tariff bills passed by the house of representatives at the last session were, as I suppose—even in the opinion of their promoters—inadequate, and justice of the control of the contro tified only by the fact that the senate and house of representatives were not in accord and that a general revision could not, therefore, be undertaken.

MUST BRING UNCERTAINTY.

I recommend that the whole subject of tariff revision be left to the incoming Congress. It is a matter of regret that this work must be delayed for at least three months, for the threat of great tariff changes introduces so much uncertainty that an amount, not easily estimated, of business inaction and diminished production will necessarily result. It is possible also that this up certainty may result in decreased rev-enues from customs duties, for our merchants will make cautious orders for foreign goods in view of the prospect of tariff reductions and the un-certainty as to when they will take ef-

Those who have advocated a protective tariff can well afford to have their disastrous forecasts of a change of policy disappointed. If a system of customs duties can be framed that will set the idle wheels and looms of Europe in motion and crowd our warehouses with foreign-made goods, and at the same time keep our own mills busy; that will give uslan increased participation in the markets of the world" of greater value than the home market we surrender; that will give increased work to foreign workmen upon products to be consumed by our people, without diminishing the amount of work to be done here; that will enable the American manufacturer to pay to his work-men from fifty to a hundred per cent more in wages than is paid in the foreign mill and yet to compete in our market and in the foreign markets with the foreign producer: that will further reduce the cost of arti-cles of wear and food without reducing the wages of those who produce them that can be celebrated, after its effects have been realized, as its expectation has been in European as well as in American cities, the authors and promoters of it will be entitled to the high-

experiences of the contrasted effects of a revenue and of a protective tariff, but this generation has not felt them, and the experience of one generation is not highly instructive to the next. The friends of the protective system, with undiminished confidedce in the principles they have advocated, will await the result of the new experiment.

STRIKES AND THE TARIFF.

The strained and too often disturbed relations existing between employees and the employers in our great manufacturing establishments have not been favorable to a calm consideration by the wage-earner of the effect upon wages of the protective system. The facts that his wages were the highest paid in like callings in the world, and that a maincallings in the world, and that a main-tenance of this rate of wages in the ab-sence of protective duties upon the pro-duct of his labor was impossible, were obscured by the passion evoked by these contests. He may now be able to re-view the question in the light of his personal experience under the opera-tion of a tariff for revenue only. If that experience shall demonstrate that the present rates of wages are thereby maintained or increased, either absolately or in their purchasing power, and that the aggrerate volume of work to be done in this country is increased, or even maintained so that there are more or as many days work in a year, at as good or better wages, for the American workman as has been the case under the protective system, every one will rejoice.

rejoice.

A general process of wage reduction cannot be contemplated by any patriotic citizen without the gravest apprehension. It may be, indeed I believe is, possible for the American manufac turer to compete successfully with his foreign rival in many branches of pro-duction without the defense of protective duties, if the pay rolls are equalized, but the conflict that stands between the producer and that result, and the distress of our working people when it is attained are not pleasant to con-template. The society of the unem-ployed now holding its frequent and threatening parades in the streets of foreign cities should not be allowed to acquire an American domicile.

WORK OF THE ADMINISTRATION.

The reports of the heads of the several executive departments, which are herewith submitted, have very naturally included a resume of the whole work of the administration with the transactions of the last fiscal year. The attention not only of Congress, but of the country, is again invited to the methods of administration which have been pursued and to the results which have been attained. Public revenues amounting to \$1,414,079,292 28 have been collected and disbursed without loss from misappropriation, without a single defalcation of such importance as to attract the public attention, and at a diminished per cent of cost for collec-tion. The public business has been transacted, not only with fidelity, but progressively, and with a view to giving to the people in the fullest possible de-gree the benefits of a service established and maintained for their protection and comfort.

FOREIGN RELATIONS.

Our relations with other nations are now undisturbed by any serious controversy. The complicated and theatening differences with Germany and England relating to Samoan allairs, with England in relation to the seal with England in relation to the seat fisheries in the Bering sea, and with Chile growing out of the Baltimore affair have been adjusted.

There have been negotiated and con-cluded, under section 3 of the tariff law,

commercial agreements relating to reciprocal trade with the following countries: Brazil, Dominican Repubcountries: Brazil, Dominican Repub-lic, Spain for Cuba and Puerto Rico, Guatemala, Salvador, the German Em-pire, Great Britain for certain West Indian colonies and British Guiana, Honduras and Austria-Hungary.

Of these those with Guatemala, Salva-dor, the German empire, Great Britain, Nicoraena Honduras and Austria-Hun-

Nicaragua, Honduras and Austria-Hun-gary have been concluded since my last annual message. Under these trade ar-rangements a free or favored admission has been secured in every case for an important list of American products. Espe-cial care has been taken to secure markets for farm products, in order to relieve that great underlying industry of the depression which the lack of an adequate foreign market for our surplus often brings. An opening has also been made for manufactured products that will undoubtedly, if this policy is maintained, greatly augment our export trade.

BENEFITS OF RECIPROCITY.

The full benefits of these arrangements can not be realized instantly lines of trade are to be opened, and the commercial traveler must survey the field. The manufacturer must adapt ods to the new markets, and facilities for exchange must be established. This work has been well begun, our perchants and manufacturers having merchants and manufacturers naving entered the new fields with courage and enterprise. In the case of food products, and especially with Cuba, the trade did not need to wait and the immediate results have been most gratifying. If this policy and these trade arrangements can be continued in force and sided by the establishment of and aided by the establishment of American steamship lines, I do not doubt that we shall, within a short period, secure fully one-third of the tal trade of the countries of Central and South America, which now amounts to about \$600,000,000 annually. In 188
we had only eight per cent of the trade

The following statistics show the increase in our trade with the countries with which we have reciprocal trade agreements, from the date when such agreements went into effect up to Sep-tember 30, 1892, the increase being in some almost wholly and in others in an important degree the result of these important degree the result of these agreements. The domestic exports to Germany and Austrin-Hungary have increased in value from \$47,673,756 to \$57,993,064, an increase of \$10,319,308, or \$21,63 per cent. With American countries the value of our exports has increased from \$44,160,285 to \$54,613,998, increase of \$10,453,313, or 23,67 per an increase of \$10,453,313, or 23.67 per cent. The total increase in the value

cent. The total increase in the value of exports to all the countries with which we have reciprocal agreements has been \$20,772,621.

This increase is chiefly in wheat, flour, meat, and dairy products, and in manufactures of iron and steel and lumber. There has been a large increase increase and property from all these in the value of imports from all these countries since the commercial agree ments went into effect, amounting to \$74,294,525, but it has been entirely in imports from the American countries.

consisting mostly of sugar, coffee, India rubber and crude drugs.

The alarmed attention of our Euro-pean competitors for the South American market has been attracted to this new American policy and to our acqui-sition and their loss of South American

A treaty providing for the arbitration of the dispute between Great Britain and the United States as to the killing of seals in the Bering sea, was con-cluded on the 29th of February last. est praise.

We have had in our history-several This treaty was accompanied by an

agreement prohibiting pelagic sealing pending the arbitration, and a vigorous effort was made during this season to drive out all poaching scalers from the drive out all poaching sealers from the Bering sea. Six naval vessels, three revenue cutters, and one vessel from the fish commission, all under the command of Commander Evans, of the navy, were sent into the sea, which was systematically patrolled. Some seizures were made, and it is believed that the catch in the Bering sea by poachers amounted to less than 500 seals. It is true, however, that in the North true, however, that in the North Pacific, while the seal herds were on their way to the passes between the Aleutian Islands, a very large number, probably 35,000, were taken. The ex-isting statutes of the United States do not restrain our citizens from taking seals in the Pacific Ocean, and perhaps should not, unless the prohibition can be extened to the citizens of other nations.

I recommend that power be given to the President by proclamation to pro-hibit the taking of seals in the North Pacific by American vessels in case of there as the result of the finding of the tribunal of arbitration or otherwise the restraints can be applied to the vessels of all countries. The case of the United States for the tribunal of arbitration has been prepared with great care and in-dustry by the Hon. John W. Foster, and the counsel who represent the government express confidence that a result substantially establishing our claim and preserving this great indus-try for the benefit of all nations will be attained.

THAT CANADIAN TREATY. During the past year a suggestion was received through the British minister that the Canadian government would like to confer as to the possibility of enlarging upon terms of mutual advan-tage the commercial exchanges of Can-ada and of the United States, and a conference was held at Washington, with Mr. Blaine acting for this government and the British minister at this capital and three members of the Dominion cabinet acting as commissioners on the part of Great Britain. The conference developed the fact that the Canadian government was only prepared to offer to the United States in exchange for the concessions asked the admission of nat-ural products. The statement was frankly made that favored rates could not be given to the United States as against the mother country. This ad-mission, which was foreseen, necessarily terminated the conference upon this question. The benefits of an exchange of natural products would be almost wholly with the people of Canada. Some other topics of interest were considered in the conference and have re-sulted in the making of a convention for examining the Alaskan boundary and the waters of Passamaquoddy bay adjacent to Eastport, Me. and in the initiation of an arrangement for the protection of fish life in the coterminous and neighboring waters of our northern

THE WELLAND AFFAIR.

The controversy as to tolls upon the Welland canal, which was presented to Congress at the last session by special message, having failed of adjustment, I felt constrained to exercise the authority conferred by the act of July 26, 1892, and to proclaim a suspension of the free use of St. Mary's Falls Canal, to cargoes in transit to ports in Canada. The secretary of the treasury established such tolls as were thought to be ed such tolls as were thought to b equivalent to the exactions unjustly evied upon our commerce in the Cana dian canals.

CANADA'S UNREASONABLE ATTITUDE If, as we must suppose, the political relations of Canada and the disposition of the Canadian government are to remain unchanged, a somewhat radical revision of our trade relations should, I think, be made. Our relations should, I think, be made. Our relations must contitude to be intimate, and they should be friendly. I' regret to say, however, that in many of the controversies, notably those as to the fisheries on the Atlantic, the scaling interests on the Pacific and the canal tolls, our negotiations with Great British have controlled. tistions with Great Britain have con tinuously been thwarted or retarded by unreasonable and unfriendly objections and protests from Canada. In the matter of the canal tolls, our treaty rights were flagrantly disregarded. It is hard-ly too much to say that the Canadian Pacific and other railway lines which parallel our northern boundary are sus-tained by commerce having either its origin or terminus or both in the United States. Canadian railroads compete with those of the United States for our traffic and without the restraint of our inter-state commerce act. Their cars inter-state commerce act. Their cars pass almost without detention into and

Out of our territory.

The Canadian Pacific railway brought into the United States from China and Japan, via British Columbia, during the year ended June 30, 1892, 23,239,689 pounds of freight, and it carried from the United States to be shipped to China and Japan, via British Columbia, 24,068,346 pounds of freight. There were also shipped from the United States over this road from eastern ports of the United States to our Pacific ports during the same year, 13,912,073 pounds of freight, and there were received over this road at the United States eastern ports from ports on the Pacific coast, 13,293,315 pounds of freight. Mr. Jo-seph Nimms, jr., former chief of the bureau of statistics, when before the senate select committee on relations with Canada April 26, 1890, said that "The value of goods thus transported between different points in the United States across Canadian territory probably amounts to \$100,000,000 a year.

TIME TO CALL A HALT.

There is no disposition on the part of the people or government of the United States to interfere in the smallest degree with the political relations of lanada. That question is wholly with her own people. It is time for us, how-ever, to consider whether, if the present state of things and trend of things It is time for us, howis to continue, our interchanges, upon lines of land transporta-tion should not be put upon a different basis, and our entire independence o Canadian canals and of the St. Lawrence as an outlet to the seas secured by the construction of an American canal around the falls of Niagara, and the pening of ship communication between the great lakes and one of our own seconds. We should not hesitate to avai ourselves of our great natural trade ad We should withdraw the antages. vantages. We should withdraw the support which is given to the railroads and steamship lines of Canada by a traffic that properly belongs to us, and no longer furnish the carnings which lighten the otherwise crushing weight of the enormous public subsidies that have been given to them. have been given to them.

The subject of the power of the treasury to deal with this matter with-out further legislation has been under consideration, but circumstances postponed a conclusion. It is probabl that a consideration of the propriety of a modification or abrogation of the article of the treaty of Washington, relating to the transit of goods in bond,

and for a time threatening differences between the United States and Chile. It gives me now great gratification to report that the Chilean government in a most friendly and honorable spirit has tendered and paid as an indemnity to the families of the sailors of the Battimore who were killed and to those who were injured in the outbreak it the city of Valparaiso the sum of \$75,000. This has been accepted, not only as an indemnity for a wrong done, but as a most gratifying evidence that the government of Chile rightly appre-ciates the disposition of this govern-ment to act in a spirit of the most absolute fairness and friendliness in our intercourse with that brave people. A further and conclusive evidence of the mutual respect and confidence now existing is furnished by the fact that a convention submitting to arbitration the mutual claims of the citizens of the respective governments has been agreed upon. Some of these claims have been pending for many years and have been the occasion of much unsatisfactory diplomatic correspondence.

RELATIONS WITH SISTER REPUBLICS. I have endeavored in every way to assure our sister republics of Central and South America that the United States government and its people have only the most friendly disposition toward them all. We do not covet their terri-tory. We have no disposition to be oppressive or exacting in our dealings with any of them, even the weakest. Our interests and our hopes for them all lie in the direction of stable governments by their people and of the largest development of their great com-mercial resources. The mutual benefits of enlarged com-

mercial exchanges and of a more fa miliar and friendly intercourse between our peoples we do desire, and in this have sought their friendly co-operation. I have believed, however, while holding these sentiments in the greatest sin-cerity, that we must insist upon a just responsibility for any injuries inflicted upon our official representatives or upon our citizens. This insistance, upon our citizens. This insistan kindly and justly, but firmly made, believe promotes peace and mutual re spect.

FRIENDLY HAWAIL. All our relations with Hawaii have been such as to attract an increased interest and must continue to do so. I deem it of great importance that the projected sub-marine cable, a survey for which has been made, should be promoted. Both for naval and commer cial purposes we should have quick communication with Honolulu. We should before this have availed our selves of the concession made many years ago to this government, for a harbor and naval station at Pearl river. Many evidences of the friendliness of the Hawaiian government have been given in the past, and it is gratifying to believe that the advantage and necessity of a continuance of very close relations is appreciated.

PEACE WITH ITALY.

The friendly act of this governmen in expressing to the government of Italy its reprobation and abhorrence of the lynching of Italian subjects in New Orleans, by the payment of 125,000 francs, or \$24,339.90, was accepted by the king of Italy with every manifestation of gracious appreciation, and the incident has been highly promotive of mutual respect and good will. FRANCE'S GALL.

In consequence of the action of the French government in proclaiming a protectorate over certain tribal districts of the west coast of Africa, eastward of the San Fedro river, which has long been regarded as the southeastern boundary of Liberia, I have felt con-strained to make protest against this encroachment upon the territory of a republic which was founded by citizens of the United States and toward which this country has for many years held the intimate relation of a friendly counsellor.

THE MEXICAN PRONTIER OUTRAGES. The recent disturbance of the public peace by lawless foreign marauders or the Mexican frontier have afforded this government an opportunity to testify its good will for Mexico and its earnest purpose to fulfill the obligations of international friendship by pursuing and dispersing the evil-deers. The work of re-locating the boundary of the treaty of Guadalupe-Hidalgo, westward from El Paso, is progressing favorably. TREATMENT OF AMERICAN MISSION ARIES.

Our intercourse with Spain continues on a friendly footing. I regret, however, not to be able to report as yet the adjustment of the claims of the American missionaries arising from the disorders at Ponape, in the Caroline islands, but I anticipate a satisfactory adjustment In view of renewed and urgent repre-sentations to the government at Madrid. The treatment of the religious and educational establishments of America

citizens in Turkey has of late called for a more than usual share of attention A tendency to curtail the toleration which has so benificially prevailed is discernible and has called forth the ernest remonstration of this govern-Harassing regulations in regard to

schools and churches have been at-tempted in certain localities, but not without due protest and the assertion of the inherent and conventional rights of our countrymen. Violations of of our countrymen. Violations of domicile and search of the persons and effects of citizens of the United States by apparently irresponsible officials in the Asiatic vilayets, have from time to time been reported. An aggrevated in-stance of injury to the property of an American missionary at Bourdour, in the province of Konia, called forth an urgent claim for reparation, which I am pleased to say, was promptly heeded by the government of the Porte.

Interference with the trading ven-tures of our citizens in Asia Minor is also reported, and the lack of consular representation in that region is a seri ous drawback to instant and effective protection. I cannot believe that the incidents represent a settled policy, an shall not cease to urge the adoption o proper remedies.

International copyright has been ex tended to Italy by proclamation, in conformity with the act of March 3, 1891 upon assurance being given that Ital ian law permits to citizens of the United States the benefit of copyright on sub-stantially the same basis as to subjects of Italy. By a special convention, pro-claimed January 15, 1892, reciproca

INTERNATIONAL COPYRIGHT.

provisions of copyright have been applied between the United States and Germany. Negotiations are in progress with other countries to the same end. NICARAGUA CANAL.

I repeat with great earnestness the recommendation which I have made in

early completion of the canal and secure to the United States its proper relation to it when completed.

THE SILVER CONFERENCE The Congress has been already advised that the invitations of this government for the assembling of an international monetary conference to consider the question of an enlarged use of silver were accepted by the nations to which they were addressed. The conference assembled at Brussels on the 22nd of November, and has entered upon the consideration of this great question. I have not doubted, and have taken oc-casion to express that belief, as well in the invitation issued for this con-ference as in my public messages, that lerence as in my public messages, that the free coinage of silver upon an agreed international ratio would greatly promote the interests of our people and equally those of other nations. It is too early to predict what results may be accomplished by the conference. If any temporary check or delay intervenes I believe that very soon commercial conditions will compet the now cial conditions will compel the now reluctant governments to unite with us in this movement to secure the enlarge-ment of the volume of coincd money needed for the transaction of the business of the world.

THE TREASURY.

The report of the secretary of the treasury will attract especial interest in view of the many misleading statements that have been made as to the state of the public revenues. Three preliminary facts should not only be stated, but emphasized, before looking into details: First, that the public debt has been reduced since March 4, 1889, \$259,074,200, and the annual interest charge\$11,684,469; second, that there have been paid out for pensions during this administration up to November 1, 1892, \$432,564,178 70, an excess of \$114,-466,386 09 over the sum expended dur-166,383 69 over the sum expended anring the period from March 1, 1885, to March 1, 1889; and, third, that under the existing tariff, up to December 1, about \$93,000,000 of revenue which would have been collected upon sugars, if the duty had been maintained, has gone into the pockets of the people, and not into the public treasury, as before. If there are any who still before. If there are any who still think that the surplus should have been kept out of circulation by hoarding it in the treasury or deposited in avored banks without interest, while the government continued to pay to these very banks interest upon the bonds deposited as security for the deposits, or who think that the extended pension legislation was a public rob-bery, or that the duties upon sugar should have been maintained, I am ontent to leave the argument where it now rests, while we want to see whether hese criticisms will take the form of egislation.

legislation.

The revenues for the fiscal year ending June 30, 1892, from all sources were \$425,808,260 22, and the expenditures for all purposes were \$415,953,808 56, leaving a balance of \$0,014,453 66. There were paid during the year upon the public debt \$40,570,467 98. The surplus the treasury and the bank redemppublic debt \$49,570,467 98. The surpins in the treasury and the bank redemption fund, passed by the act of July 14, 1890, to the general fund, furnished in large part the cash available and used for the payments made upon the public debt. Compared with the year 1891, our receipts from customs duties fell off \$42,069,241 08, while our receipts from internal revenue increased \$8,284,823 13, leaving the not 1088 of revenue from eaving the net loss of revenue from these principal sources, \$33,784,407 95. The net loss of revenue from all sources was \$32,675,972 81.

The revenues estimated and actual for the fiscal year ending June 30, 1893, are placed by the secretary at \$463.336, 50 44, and the expenditures at \$461, 336,350 44, showing a surplus of receipts over expenditures of \$2,000,000. The cash balance in the treasury at the end of the fiscal year it is estimated will be 20,992,377 03.

NEW ELEMENTS.

So far as these figures are based upon stimates of receipts and expenditures or the remaining months of the current fiscal year, there are not only the usual elements of uncertainty, but some added elements. New revenue legislation, or even the expectation of it, may tion, or even the expectation of it, may seriously reduce the public revenues during the period of uncertainty, and during the process of business adjustment to the new conditions when they become known. But the secretary has very wisely refrained from guessing as to the effect of possible changes in our revenue laws, since the scope of those changes and the time of their taking effect can not in any degree be forecast or foretold by him. His estimates must be based upon existing laws and upon a continuance of existing business conditions, except so far as these conditions affected by causes other than new egislation.

The estimated receipts for the fiscal ear ending June 30, 1894, are \$490,121,-38, and the estimated appropriations 7,261,335 33, leaving an estimated 457,261,335 33 urplus of receipts over expenditures of

860.030 05 This does not include any payment to This does not include any payment to the sinking fund. In the recommenda-tion of the secretary that the sinking fund law be repealed. I concur. The redemption of bonds since the passage of the law to June 30, 1892, has already acceeded the requirements by the sum onds in the future for maturity should be a matter of convenience, not of com-pulsion. We should not collect revenue for that purpose, but only use any casual surplus. To the balance of \$32,860,030 05 of receipts over expeditures for the year 1894 should be added the estimated surplus at the beginning of the year \$20,992,377 03; and from this aggregate there must be deducted, as stated by the secretary, about \$44,000,000 of estimated unexpended appropriations.

THE GOLD DRAIN. The public confidence in the purpose

and ability of the government to maintain the parity of all our money issues, whether coin or paper, must remain whether coin or paper, must remain unshaken. The demand for gold in Europe and the consequent calls upon us are in a considerable degree the result of the efforts of some of the European governments to increase their gold reserves, and these efforts should be met by appropriate legislation on our part.

The conditions that have created this drain of the treasury gold are in an im-portant degree political, and not comof the fact that a general revision of our revenue laws in the near future seems to be probable, it be better that any changes hould be a part of that revision rather

than of a temporary nature.

During the last fiscal the secretary purchased under the act of July 14, 890, 54,355,748 ounces of silver, and issued in payment The total purchases since the in notes. that a consideration of the propriety of a modification or abrogation of the article of the treaty of Washington, relating to the transit of goods in bond, is involved in any complete solution of the question.

THE CHILEAN APPAIR.

Congress at the last session was kept advised of the progress of the serious relating that a consideration which is amounted which is that prompt and adequate support be given to the American company engaged in the construction of the Nicaragua ship canal. It is impossible to overstate the value from every standpoint of this great enterprise, and I hope that there may be time, even in this Congress, to give to the act have been 120,479,981 ounces, and the aggregate of notes is sued \$116,783,509. The average price paid for silver during the year was 94 cents from every standpoint of this great enterprise, and I hope that there may be time, even in this Congress, to give to the act have been 120,479,981 ounces, and the aggregate of notes is sued \$116,783,509. The average price paid for silver during the year was 94 cents from every standpoint of this great that the monetary conference is now sitting, and that no conclusion has yet been reached, 1 withhold any of the first prompt and adequate support be given to the American company engaged in the construction of the Nicaragua ship canal. It is impossible to overstate the value from every standpoint of this great was 94 cents per ounce, the highest price being \$10.24, July 1, 1891, and the lowest 83 cents, March 21, 1892. In view of the fact that the monetary conference is now sitting, and that no conclusion has yet been reached, 1 withhold any ounces, and the aggregate of notes is sued \$116,783,509. The average price paid for silver during the year was 94 cents per ounce, the highest price of the serious struction of the Nicaragua ship canal. It is impossible to overstate the value from every standpoint of this great value for silver during the price ounce, the highest price ounce, the highest price ounce, the highest price ounce, the passage of the act have been 120,479,981

recommendation as to legislation upon

THE WAR DEPARTMENT.

The report of the secretary of war brings again to the attention of Congress some important suggestions as to the reorganization of the infantry and artillery arms of the service, which his predecessors have before urgently pre-sented. Our army is small, but its or-ganization should all the more be put toog the meet approved modern basis. ganization should all the more be put upon the most approved modern basis. The conditions upon what we have called the "froatier" have heretofore required the maintenance of many small posts, but now the policy of concentration is -obviously the right one. The new posts should have the proper strategic relations to the only "frontier" we now have, those of the sea coast and of our northern and part of our southern boundary. I do not think that any question of advantage to localities or to states should determine the location of the new posts. The reorganization and enlargement of the bureau location of the new posts. The reorgan-ization and enlargement of the bureau of military information, which the sec-retary has effected, is a work the use-fulness of which will become every year more apparent. The work of building heavy guns and the construction of coast defenses has been well begun and should be carried on without check.

DEPARTMENT OF JUSTICE.

The report of the attorney general is by law submitted directly to Congress, but I can not refrain from saying that he has conducted the increasing work of the department of justice with great professional skill. He has in several directions secured from the courts decisions giving increased protection to the officers of the United States and bringing some classes of crime that escaped local cognizance and punish-ment into the tribunals of the United States, where they could be tried with-out impartiality.

The numerous applications for exec-

utive clemency presented in behalf of persons convicted in United States courts, and given penitentiary sen-tences, have called my attention to a fact referred to by the attorney-general in his report, namely, that a time allowance for good behavior for such prisoners is prescribed by the federal statutes only where the state in which the penitentiary is located has made no such provisions. Prisoners are given the benefit of the provisions of the state law regulating the penitentiary to which they may be sent. These are various, some, perhaps, too liberal, and some, perhaps, too liberal, and some, perhaps, too liberal, and some, perhaps, too liberal. The result is that a sentence for five years means one thing if the prisoner is sent to one state for confinement and quite a different thing if he is sent to ana different thing if he is sent to another. I recommend that a uniform credit for good behavior be passed by Congress. I have before expressed my concurrence in the recommendation of the attorney-general that degrees of murder should be recognized in the federal statutes as they are, I believe, in all the states. These grades are founded on correct distinctions in crime. The recognition of them would crime. The recognition of them would enable the courts to exercise some dis-cretion in apportioning punishment and would greatly relieve the executive of what is coming to be a very heavy burden—the examination of these cases on application for commutation.

STARTLING FIGURES.

The aggregate of claims pending against the government in the court of claims is indeed enormous. Claims to the amount of hearly \$400,000,000 for the amount of nearly \$400,000,000 for the taking of or injury to the property of persons claiming to be loyal during the war are now before that court for examination. When to these are add-ed the Indian depredation claims, and the French spoliation claims, an aggre-gate is reached that is indeed startling. In the defense of all these cases the In the defense of all these cases the government is at great disadvantage. The claimants have preserved their evidence, whereas the agents of the government are sent into the field to rument are sent are sent are sent are sent are sent are sent mage for what they can find. This difficulty is peculiarly great when the fact to be established is the disloyalty of the claimant during the war. If this great threat against our revenues is to have no other check certainly Congress should supply the department of justice with appropriations sufficiently liberal to secure the best legal talent in the defense of these claims and to pur-sue its vague search for evidence effectively.

POSTAL AFFAIRS.

The report of the postmaster general shows a most gratifying increase and a most efficient and progressive manage-ment of the great business of that department.

which our people are enjoying. New offices mean new hamlets and towns; new routes mean the extension of our border settlements, and increased revenues mean an active commerce. The nues mean an active commerce. The postmaster general reviews the whole period of his administration of the office and brings some of his statistics down to the month of November last. The postal revenues have increased during the last year nearly \$5,000,000. The deficit for the year ending June 30, 1892, is \$848,341 less than the deficiency of the preceding year. The deficience of the present fiscal year, it is estimated will be reduced to \$1,552,423, which will not only be extinguished during the next fiscal year, and a surplus of nearly one million dollars should then be shown. In these calculations the payments to be made under the contracts for ocean mail service have not been in cluded. There have been added 1,590 new mail routes during the year, with a mileage of 8,583 miles; and the total number of new miles of mail trips ad-ded during the last few years is nearly seventeen million. The number of miles of mail journeys added during the last few years is about seventy-six mil-lions, this addition being twenty-one millions of miles more than were in operation in the whole country in 1861.

The number of postoffices has been increased by 2,790 during the year, and during the past four years and up to October 29 last the total increase in the number of offices has been nearly nine thousand. The number of free delivery offices has been nearly doubled in the last four years and the number of money order offices more than doubled within that time. For the three years ending June 30, 1892, the postal revenue amounted to \$197,744,359, which was an increase of \$52,263,150 over the revenue for the three years ending June 30, 1888, the increase during the last three years being more than three and a half times as great as the increase during the three years ending June 30, 1888. No such increase as that shown for these three years has ever previously appeared in the revenues of the depart-

The postmaster general has extended to the postoffices in the larger cities the merit system of promotion introduced by my direction into the departments iere, and it has resulted there, as in the departments, in a larger volume of work, and that better done.

OUR MERCHANT MARINE.

Ever since our merchant marine was driven from the seas by the rebel cruisers during the war of the Rebellion, the

United States has been paying an enormous annual tribute to foreign countries in the shape of freight and passage tries in the shape of freight and passance moneys. Our grain and meats have been taken at our own docks and our large imports there laid down by foreign shipmasters. An increasing torrent of American travel to Europe has contributed a vast sum annually to the dividends of foreign shipowners. The balance of trade shown by the books of balance of trade shown by the books of our custom houses has been very largely rendered, and in many years altogether extinguished by the constant drain. In the year 1892 only 12.3 per cent of our imports were brought in American vessels. These great foreign steamships, maintained by our traffic, are many of them under contract with their respective governments, by which in time of war they will become a part of their armed naval establishments. Profiting by our commerce in peace, they will by our commerce in peace, they will become the most formidable destroyers of our commerce in time of war. I have felt, and have before expressed the felt, and have before expressed the feeling, that this condition of things was both intolerable and disgraceful. A wholesome change of policy, and one having in it much promise, as it seems to me, was begun by the law of March 3, 1891. Under the law contracts have been made by the postmaster general feeral area mail routes. The expendifor eleven mail routes. The expendi-ture involved by these contracts for the next fiscal year approximates \$954, 123 33. As one of the results already reached 16 American steamships, of an aggregate tonnage of 57,400 tons, costing 7,400,000, have been built or contracted to be built in American ship

yards.

The estimated tonnage of all steamships required under existing contracts is 165,802, and when the full service reis 165,802, and when the full service required by these contracts is established there will be forty-one mail steamers under the American flag, with the probability of further necessary additions in the Brazilian and Argentine service. The contracts recently let for trans-Atlantic service will result in the construction of five ships of 10,000 tons each, costing nine or ten million dollars, and will add, with the City of New York and City of Paris, to which the treasury department was authorized by treasury department was authorized by legislation at the last session to give American registry, all of the swiftest vessels upon the sea to our naval

The contracts made with the lines sailing to Central and South American shortened the time of the trips, added new ports of call, and sustained some lines that otherwise would certainly have been withdrawn. The service to Buenos Ayres is the first to the Argen-tine republic under the American flag. The service to Southampton, Boulougue The service to Southampton, Boulougue and Antwerp is also new, and is to be begun with the steamships City of New York and City of Paris, in February next. I camestly urge a continuance of the policy inaugurated by this legislation and that the appropriations required to meet the obligations.

We have had, by reason of connections with the Trans-continental railway lines constructed through our own territory some advantages in the ocean trade of the Pacific that we did not possess on the Atlantic. The construct-

trade of the Pacific that we did not possess on the Atlantic. The construction of the Canadian Pacific railway and the establishment under large subsidy from Canada and England of fast steamship service from Vancouver with Japan and China seriously threaten our shipping interests in the Pacific. This line of English steamers receives, as is stated by the commissioner of navigation, a subsidy of \$400,000 annually or \$30,767 per trip for thirteen voyages, in addition to some further aid from the admiralty in connection with contracts under which the vessels may be used for naval purposes. The competing American Pacific mail line, may be used for naval purposes. The competing American Pacific mail line, under the act of March 3, 1891 receives only \$6,389 per round-trip. SHOULD LOOK TO OUR INTERESTS

Efforts have been making within the last year, I am informed, to establish under similar conditions a line between Vancouver and some Australian port, with a view of seizing there a trade in which we have had a large interest. The commissioner of navigation states that a very large per cent of our im-ports from Asia are now brought to us by English steamships and their con-necting railways, in Canada. With a view of promoting this trade, especially in tea. Canada has imposed a discrimi nating duty of 10 per cent upon tea and coffee brought into the Dominion from the United States. If this unequal conthe United States. It this unequal con-test between American lines without subsidy or with diminished subsidies, and the English-Canadian line, to which I have referred, is to con-tinue, I think we should at least see that the facilities for customs entry and transportation across our territory are not such as to The remarkable increase in revenues, in the number of postolices and in the miles of mail carried, furnish further miles of mail carried, furnish further make the Canadian route a favored one, and that the discrimination as to duties the carried to is met by a like discrimination as to the importa tion of these articles from Canada. subject. I think, more nearly touches the pride, the power and the prosperity of our country than this of the deve opment of our merchant marine upon the sea. If we could enter into confer-ence with ether competitors, and all would agree to withhold government aid, we could perhaps take our chances with the rest, but our great competi-tors have established and maintained

oursue, moderately at least, the same

their lines by government subsidies until they now have practically ex-cluded us from participation. In my opinion, no choice is left to us but to

The report of the secretary of the navy exhibits great progress in the construction of our new navy. When the present secretary entered upon his put in commission and to be put in commission during the winter will make a total of nineteen during his adminis-tration of the department. During the current year two war vessels and three tues have been lanuched, and during the four years twenty-five vessels will have been launched. Two other large have been launched. Two other largeships and a torpedo boat are under con tract and the work upon them well-advanced, and the four monitors are awaiting only the arrival of their armor which has been unexpectedly delayed or they would have been before this in commission.

Contracts have been let during this

Contracts have been let during this administration, under the appropriations for the increase of the navy, including new vessels and their appurtenances, to the amount of \$25,000.000, and there has been expended during the same period for labor at navy yards upon similar work \$8,000,000, without the smallest scandal or charge of fraud or partiality. The enthusiasia of the staff and line, have been greatly kindled. They have responded man nificently to the confidence of Congresand have demonstrated to the world an unexcelled capacity in construction, in ordnance, and in everything involved in the building, equipping and sailing of great war shir

of great war ships.

At the beginning of Secretary Tracy's
administration several difficult problems remained to be grappled with and solved before the efficiency in action of our ships could be secured. It is bo-lieved that, as the result of new process-